

~~UNITED STATES OF AMERICA~~  
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of	)	
	)	
Golden Gift, L.L.C.,	)	CPSC Docket No. 02-c0005
	)	
a limited liability corporation.	)	
	)	
	)	

SETTLEMENT AGREEMENT AND ORDER

1. Golden Gift, L.L.C. (hereinafter, "Golden Gift" or "Respondent"), a limited liability corporation, enters into this Settlement Agreement and Order (hereinafter, "Settlement Agreement" or "Agreement") with the staff of the Consumer Product Safety Commission, and agrees to the entry to the attached Order incorporated by reference herein. The purpose of the Settlement Agreement is to settle the staff's allegations that Golden Gift knowingly violated sections 4(a) and (c) of the Federal Hazardous Substances Act (FHSA), 15 U.S.C. §§ 1263(a) and (c).

I. THE PARTIES

2. The "staff" is the staff of the Consumer Product Safety Commission, an independent regulatory commission of the United States government, established pursuant to section 4 of the Consumer Product Safety Act (CPSA), 15 U.S.C. § 2053.
3. Golden Gift is a limited liability corporation organized and existing under the laws of the State of California. Golden Gift's address is 2944 East 44<sup>th</sup> Street, Vernon, CA 90058. Golden Gift is an importer and wholesaler of toys.

## II. ALLEGATIONS OF THE STAFF

### A. Toys Intended For Children Under Three Years Old

4. On eight occasions between June 15, 1999, and September 6, 2000, Golden Gift introduced or caused the introduction into interstate commerce; and received in interstate commerce and delivered or proffered delivery thereof for pay or otherwise, eight (8) kinds of toys (92,960 retail units) intended for use by children under three years old. These toys are identified and described as follows:

<u>Sample No.</u>	<u>Product</u>	<u>Entry Date</u>	<u>Exporter</u>	<u>Quantity</u>
99-860-5381	Cartoon Car	06/15/99	Golden Bridge	3,200
99-860-5382	School Bus	06/15/99	Golden Bridge	960
99-860-5383	Toy Tricycle	06/15/99	Golden Bridge	1,200
99-860-5990	Animal Train Piano	09/12/99	Golden Bridge	1,200
99-860-6431	Toy Phone	07/22/99	Golden Bridge	3,600
00-860-6538	Shaking Drum Window	02/23/00	Topwell	18,000
00-860-6540	Toy Bell	02/23/00	Topwell	28,800
00-860-6543	Toy Bell	03/02/00	Topwell	28,800
00-860-6668	Fruit Telephone	09/06/00	Longbao	7,200

5. The toys identified in paragraph 4 above are intended for children under three years old and are subject to the Commission's Small Parts Regulation, 16 C.F.R. Part 1501.
6. The toys identified in paragraph 4 above failed to comply with the Commission's Small Parts Regulation, 16 C.F.R. Part 1501, in that when tested under the "use and abuse" test methods specified in 16 C.F.R. §§ 1500.51 and .52, (a) one or more parts of each tested toy separated and (b)

~~one or more of the separated parts from each of the toys fit completely within~~  
the small parts test cylinder, as set forth in 16 C.F.R. § 1501.4.

7. Because the separated parts fit completely within the test cylinder as described in paragraph 6 above, each of the toys identified in paragraph 4 above presents a "mechanical hazard" within the meaning of section 2(s) of the FHSA, 15 U.S.C. § 1261(s) (choking, aspiration, and/or ingestion of small parts).
8. Each of the toys identified in paragraph 4 above is a "hazardous substance" pursuant to section 2(f)(1)(D) of the FHSA, 15 U.S.C. § 1261(f)(1)(D).
9. Each of the toys identified in paragraph 4 above is a "banned hazardous substance" pursuant to section 2(q)(1)(A) of the FHSA, 15 U.S.C. § 1261(q)(1)(A) and 16 C.F.R. § 1500.18(a)(9) because it is intended for use by children under three years of age and bears or contains a hazardous substance as described in paragraph 8 above; and because it presents a mechanical hazard as described in paragraph 7 above.
10. Golden Gift knowingly introduced or caused the introduction into interstate commerce; and received in interstate commerce and delivered or proffered delivery thereof for pay or otherwise, the banned hazardous toys, identified in paragraph 4 above, in violation of sections 4(a) and (c) of the FHSA, 15 U.S.C. §§ 1263(a) and (c).

**B. Toys Intended For Use By Children Who Are At Least Three Years Old But Less Than Six Years Old**

11. On three occasions between August 31, 1999 and March 2, 2000, Golden Gift introduced or caused the introduction into interstate commerce; and received

~~in interstate commerce and delivered or proffered delivery thereof for pay or~~

otherwise, three (3) kinds of toys (588,020 retail units) intended for use by children who are at least three years old but less than six years old. These toys are identified and described as follows:

<u>Sample No.</u>	<u>Product</u>	<u>Entry Date</u>	<u>Exporter</u>	<u>Quantity</u>
99-860-6470	Marbles	08/31/99	Golden Bridge	7,220
00-860-6539	27 mm Ball	02/23/00	Topwell	268,800
00-860-6541	38mm Ball	02/23/00	Topwell	21,600
00-860-6542	27 mm Ball	03/02/00	Topwell	268,800
00-860-6544	38 mm Ball	03/02/00	Topwell	21,600

12. The toys identified in paragraph 11 above are subject to, but failed to comply with the Labeling Requirements for Certain Toys and Games under sections 24(b)(2)(B) and (b)(2)(C) of the FHSA, 15 U.S.C. §§ 1278(b)(2)(B) and (b)(3)(B) and 16 C.F.R. §§ 1500.19(b)(3)(i) and (b)(4)(i) in that the toys did not bear the required cautionary label.

13. Because they lacked the required labeling, the toys identified in paragraph 11 above are "misbranded hazardous substances" pursuant to sections 2(p)(1)(D) and 24(d) of the FHSA, 15 U.S.C. §§ 1261(p)(1)(D) and 24(d) and 16 C.F.R. §§ 1500.19(b)(3)(i) and (b)(4)(i).

14. Golden Gift knowingly introduced or caused the introduction into interstate commerce; and received in interstate commerce and delivered or proffered delivery thereof for pay or otherwise, the misbranded hazardous toys identified in paragraph 11 above, in violation of sections 4(a) and (c) of the FHSA, 15 U.S.C. §§ 1263(a) and (c).

### III. RESPONSE OF GOLDEN GIFT

15. Golden Gift denies the allegations of the staff set forth in paragraphs 4 through 14 above.

### IV. AGREEMENT OF THE PARTIES

16. The Consumer Product Safety Commission has jurisdiction over Golden Gift and the subject matter of this Settlement Agreement and Order under the Consumer Product Safety Act, 15 U.S.C. § 2051 et seq. and the Federal Hazardous Substances Act (FHSA), 15 U.S.C. § 1261 et seq.
17. This Agreement is entered into for settlement purposes only and does not constitute an admission by Golden Gift or a determination by the Commission that Golden Gift knowingly violated the FHSA.
18. Upon provisional acceptance of this Settlement Agreement and Order by the Commission, this Settlement Agreement and Order shall be placed on the public record and shall be published in the Federal Register in accordance with the procedures set forth in 16 C.F.R. §§ 1118.20(e)-(h). If the Commission does not receive any written request not to accept the Settlement Agreement and Order within 15 days, the Settlement Agreement and Order will be deemed to be finally accepted on the 16<sup>th</sup> day after the date it is published in the Federal Register.
19. Upon final acceptance of this Settlement Agreement by the Commission and issuance of the Final Order, Golden Gift knowingly, voluntarily, and completely waives any rights it may have in this matter (1) to an administrative or judicial hearing, (2) to judicial review or other challenge or

~~contest of the validity of the Commission's actions, (3) to a determination by~~

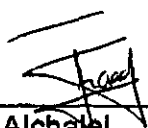
the Commission as to whether Golden Gift failed to comply with the FHSA as  
aforesaid, (4) to a statement of findings of fact and conclusions of law, and (5)  
to any claims under the Equal Access to Justice Act.

20. In settlement of the staff's allegations, Golden Gift agrees to pay a  
\$125,000.00 civil penalty as set forth in the attached Order incorporated  
herein by reference.
21. The Commission may publicize the terms of this Settlement Agreement and  
Order.
22. Upon final acceptance by the Commission of this Settlement Agreement and  
Order, the Commission shall issue the attached Order.
23. A violation of the attached Order shall subject Golden Gift to appropriate  
legal action.
24. Agreements, understandings, representations, or interpretations made  
outside this Settlement Agreement and Order may not be used to vary or  
contradict its terms.

~~25. The provisions of this Settlement Agreement and Order shall apply to, and be~~  
binding upon, Golden Gift and each of its shareholders, officers, directors,  
employees, agents, successors, assigns, and representatives, directly or  
through any corporation, subsidiary, division, or other business entity, or  
through any agency, device, or instrumentality.

RESPONDENT GOLDEN GIFT, L.L.C.

DATED: 3/22/02


  
Isaac Alchate  
Owner  
Golden Gate, L.L.C.  
2944 East 44<sup>th</sup> Street  
Vernon, CA 90058

COMMISSION STAFF

Alan H. Schoem  
Assistant Executive Director  
Consumer Product Safety Commission  
Office of Compliance  
Washington, D.C. 20207-0001

Eric L. Stone, Director  
Legal Division  
Office of Compliance

DATED: 03/21/02

  
Dennis C. Kacoyanis  
Legal Division  
Office of Compliance

UNITED STATES OF AMERICA  
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of )

Golden Gift, L.L.C., )

a limited liability corporation )

CPSC DOCKET NO. 02-C0005

ORDER

Upon consideration of the Settlement Agreement entered into between Respondent Golden Gift, L.L.C. (hereinafter, "Golden Gate" or "Respondent"), a limited liability corporation, and the staff of the Consumer Product Safety Commission having jurisdiction over the subject matter and Golden Gift; and it appearing that the Settlement Agreement and Order is in the public interest, IT IS

ORDERED, that the Settlement Agreement be and hereby is accepted, and it is

FURTHER ORDERED, that upon final acceptance of the Settlement Agreement and Order, Respondent Golden Gift, L.L.C. shall pay to the United States Treasury a civil penalty in the amount of ONE HUNDRED TWENTY-FIVE THOUSAND AND 00/100 DOLLARS (\$125,000.00) in three (3) payments. The first payment of FORTY-TWO THOUSAND AND 00/100 DOLLARS (\$42,000.00) shall be paid within twenty (20) days after service of the Final Order of the Commission (hereinafter, "anniversary date"). The second payment of FORTY-TWO THOUSAND AND 00/100 DOLLARS (\$42,000.00) shall be paid within one



~~(1) year of the anniversary date. The third payment of FORTY-ONE THOUSAND~~  
AND 00/100 DOLLARS (\$41,000.00) shall be paid within two (2) years of the  
anniversary date. Upon the failure of Respondent Golden Gift, L.L.C. to make a  
payment or upon the making of a late payment by Respondent Golden Gift,  
L.L.C. (a) the entire amount of the civil penalty shall be due and payable, and (b)  
interest on the outstanding balance shall accrue and be paid at the federal legal  
rate of interest under the provisions of 28 U.S.C. §§ 1961(a) and (c).

Provisionally accepted and provisional Order issued on the 2nd day of  
May, 2002.

BY ORDER OF THE COMMISSION



TODD A. STEVENSON, SECRETARY  
Consumer Product Safety Commission

Finally accepted and final Order issued on the \_\_\_\_\_ day of \_\_\_\_\_,  
2002.

BY ORDER OF THE COMMISSION

TODD A. STEVENSON, SECRETARY  
Consumer Product Safety Commission